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SUBJECT: MEDIA REACTION ON CAFTA, JUNE 01, 2005

1. On 06/01 the Tegucigalpa-based moderate daily "El Heraldo" ran an op-ed by Walter Astie-Burgos, Mexican Ambassador in Honduras, entitled "CAFTA-DR's opposition." "In the last weeks, CAFTA-DR's opposition in the U.S. Congress has intensified. In a certain way history repeats itself because the same thing happened with NAFTA. There are several reasons for opposition but it can be summarized as U.S. 'special interests.'"

"It is well known that free trade treaties do generate wealth and progress through a dynamic commerce and major flows of investments, but there are always winners and losers. In the U.S., not everybody understands or wants to understand this new reality and opposes less developed countries taking their place by offering better products, quality or prices. Logic tells us that the ones who will suffer greater negative impacts are the less developed, but 'special interests' emphasize protectionism dressed up as opposition."

"We can expect a long debate which, in the end, will finally result in CAFTA-DR's approval. But we have to remember, as Tony Saca, president of El Salvador, said: "The real competition comes from China and not from Central American economies. Almost 25% of U.S. commercial deficit originates in exchanges with this Asian country."

"The treaties generate richness, Mexico's case is a proof of that, but logically they are no more than commercial and economical instruments, which don't have social conscience. CAFTA-DR's implementation should be accompanied by adequate domestic measures of economic and social policies that will favor an equal distribution and that will avoid the gap between rich and poor nations."

Palmer